

**ENRON CORPORATION**

**Moderator: Jeff Skilling**  
**January 22, 2001**  
**9:00 a.m. CT**

Operator: Good morning, everyone, and welcome to the Enron's fourth quarter earnings release conference call. This call is being recorded. At this time, I would like to turn the call over to President and Chief Operating Officer, Mr. Jeff Skilling. Please go ahead, sir.

Jeff Skilling: Thank you very much, and good morning, everyone. This is Jeff Skilling, President and Chief Operating Officer of Enron Corporation. With me here today in Houston, I have Mark Koenig, who is Executive Vice President of Investor Relations, Paula Reiker, who is the Managing Director of Investor Relations, Rick Causey, who is an Executive VP and Chief Accounting Officer, and Steve Kean, who is the Executive VP and Chief of Staff.

But thank you very much for joining us on the call and Web broadcast this morning. Earlier today we reported our fourth quarter and full-year 2000 results. We hope you've had a chance to see the release. In summary, we had a tremendous year in the year 2000. Strong results reflect what we believe is breakout performance in all of our operations. The results also further demonstrate our leading market positions in each of our major businesses.

Our wholesale business led our strong financial results, achieving record levels of profitability and physical energy deliveries. 2000 was our first full year of reaping the benefits of Enron Online, which has not only extended our market reach, but has also enabled us to significantly scale and grow our business. Our retail energy services group also had an outstanding year. The business showed increasing profitability in each quarter during the year 2000 and almost



doubled its new outsourcing contracts.

Enron Broadband Services substantially completed its flexible, scaleable broadband network. The business also gained traction in both its - in both of its major businesses - bandwidth intermediation and content services.

2000 was also another excellent year for our shareholders. Enron shareholders had a total return of 89 percent for the year, and this strong return is on top of Enron's 1999 return of 58 percent, and our 1998 return of 40 percent.

During today's call, I will summarize the financial highlights for both the full year 2000, and the fourth quarter, and then we'll take your questions. Let's start with the first - or with the full year.

For the full year 2000, we reported total revenues of \$101 billion. So, we broke the \$100 billion mark. A 25-percent increase in earnings per share to \$1.47, and that's compared to \$1.18 a year ago. A 32-percent increase in net income to \$1.3 billion, up from \$957 million in 1999. A 59 percent increase in wholesale marketed volumes to 52 trillion BTU equivalents per day, and an almost doubling of new energy services contracts to \$16.1 billion for the year.

Fourth quarter numbers, we reported excellent recurring results, including revenues at 41 billion. A 32 percent increase in earnings to 41 cents per diluted share, compared to 31 cents a year ago. A 34 percent increase in net income to \$347 million, versus \$259 million a year ago. A 90 percent increase in wholesale marketed volumes to 65 trillion BTU's, and a 73 percent increase in new, retail energy services contracts to \$4.5 billion.

I'm going to walk through each of our different business areas, and give you more detail on performance starting with our wholesale services. Our wholesale business is our largest operation. It continues to grow at a very, very strong rate. Earnings in this business have grown at a 48 percent average annual rate for the past five years and including a 72 percent increase in year 2000:

During 2000, Enron further widened its strong leading market position in the wholesale energy markets in North America and Europe. We built a tremendous market franchise that has significant sustainable competitive advantage. A very distinct advantage for us is Enron Online, which has enabled several key benefits. First, Enron Online has provided a huge, new market reach for us. In the fourth quarter we had over 3,000 online customers. Equally important, the internal features of Enron Online have launched us into a new level of efficiency, scale, information and liquidity. We executed 548,000 transactions online during the year 2000, totaling \$336 billion of gross transaction value.

For the quarter, our wholesale earnings were strong in every region, worldwide. We built a broad-based business that is operating in multiple, fast-growing markets in both North America and Europe. In this past quarter, the wholesale business reported total income before interest, minority interest and taxes, or IBIT, of \$777 million, compared to \$263 million last year. We report our wholesale business in two categories - commodities, sales and services, where we market energy commodities and services and manage the associated contract portfolios, and the secondary is assets and investments, where we invest in, develop, construct, and operate energy and other assets, worldwide.

IBIT for the commodities, sales and services component of the wholesale business, was \$538 million for the fourth quarter, led by an almost doubling of worldwide energy deliveries. Total physical volumes delivered for the quarter grew to 65 BCF per day, versus 34 BCF equivalents per day a year ago.

Let me go through each of the commodities in that commodities, sales and services area, to give you a sense for how each of the-commodities did. Our natural gas business made a very significant contribution to fourth quarter's results. We are experiencing both growing overall market demand, and increasing market share, and again, our growth is very broad-based. Total physical natural gas volumes doubled in the fourth quarter, to a record 34.2 BCF per day, from 16.9 BCF a day in 1999.

